

Louisiana School Employees' Retirement System
Investment Committee Meeting
Monday, September 23, 2013
9:00 a.m.

The Louisiana School Employees' Retirement System's Investment Committee Meeting convened in the boardroom (Room 100) of the Louisiana School Employees' Retirement System Building, located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Mr. Eugene Rester, Jr., Chairman of the Investment Committee, called the meeting to order at 9:07 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Ms. Stark.

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Members Present: Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Henry Yearby, Mr. Philip B. Walther, *Mr. Ron Henson - designee for Mr. John Kennedy - State Treasurer, *Mr. Joe Salter - designee for Mr. Tom Schedler - Secretary of State, *Mr. Paul Holmes - designee for Ms. Kristy H. Nichols - Commissioner of Administration

Members Absent: Senator Elbert L. Guillory - Chairman of the Senate Committee on Retirement, Representative J. Kevin Pearson – Chairman of the House Committee on Retirement

Staff Present: Mr. Charles Bujol – Executive Director, Ms. Carolyn Forbes - Assistant Director, Mr. George W. Meyer, III – Chief Investment Officer, Mr. Christopher Saik - Investment Officer, Ms. Lauren Bailey - Executive Counsel, Ms. Larisa Ellard - Internal Auditor, Ms. Laurie Stark – Administrative Assistant, Ms. Alison Kessler - Executive Staff Officer

Others Present: *Mr. Jeffrey C. Boucek, Mr. Keith Reynolds, Mr. John Ross (via telephone), Mr. John Dickson (via telephone) - Segal Rogerscasey

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*Mr. Henson arrived at 9:10 a.m.
Mr. Boucek and Mr. Reynolds left at 10:22 a.m.
Mr. Salter left at 10:24 a.m.
Mr. Holmes left at 10:33 a.m.

DIRECTOR'S ANNOUNCEMENTS

Mr. Bujol made the following announcement:

- The new DROP rate for fiscal year 2013 - 2014 will be 11.54%.

* Mr. Henson arrived at 9:10 a.m.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

ON MOTION OF MR. FAULK, SECONDED BY MR. YEARBY, Mr. Rester, Ms. Landry, Mr. Yearby, Ms. McKee, Mr. Faulk, Ms. Crain, Mr. Salter, Mr. Henson and Mr. Walther **voted affirmatively** to approve the agenda.

PUBLIC COMMENTS ON ANY ITEM ON THE AGENDA

Mr. Rester called for public comment on any item on the agenda. There were no comments.

PORTFOLIO PERFORMANCE REVIEW

Mr. Reynolds and Mr. Meyer provided an overview of market conditions and a review of asset changes from January 2013 through August 2013. This included an audio/visual presentation and handout titled: *Preliminary Investment Performance Review for Period Ending August 31, 2013*. They then addressed questions from the committee.

ON MOTION OF MR. HENSON, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the committee agreed that from now on the Segal Rogerscasey portfolio performance report is to include investment returns that reflect the net of fees as well as the gross of fees.

ON MOTION OF MR. FAULK, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Portfolio Performance Review.

LSERS PORTFOLIO INVESTMENT ALLOCATION STRUCTURE

*Mr. Jeffrey C. Boucek - Senior Vice President
Mr. Keith Reynolds - Senior Consultant
Mr. John Ross - Senior Vice President, Beta Research
Mr. John Dickson - Senior Vice President*

An overview was provided regarding the current investment allocation structure of LSERS. This presentation included a handout titled: *A Fresh Look at Investing*.

ON MOTION OF MR. HENSON SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to convert the existing domestic large cap equity mandates (S&P 500 Cap Weighted Index Funds, S&P 500 Equal Weighted Index Fund, Russell 1000 Growth Index Fund, Analytic Active and C.S. McKee Active) to a single passive Russell 1000 Index Fund.

STAFF REPORTS

Securities Lending, Louisiana Domiciled Broker, Louisiana Incorporated & Domiciled Broker and the Securities Litigation Reports

Mr. Meyer provided a review of the following reports and then addressed questions from the Board.

Securities Lending Report
Louisiana Domiciled Report
Louisiana Incorporated and Domiciled Report
Securities Litigation Report

ON MOTION BY MS. LANDRY, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the committee approved the reports.

Current Case Review

Ms. Bailey provided an overview of current litigation which included a handout titled: *Litigation Report: As of September 19, 2013*. Ms. Bailey addressed questions from the committee.

ON MOTION BY MS. McKEE, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the committee approved the current case review.

* Mr. Boucek and Mr. Reynolds left at 10:22 a.m.
Mr. Salter left at 10:24 a.m.
Mr. Holmes left at 10:33 a.m.

EDUCATIONAL PRESENTATION: PREVENTING SEXUAL HARASSMENT PURSUANT TO SCR 107

An educational presentation regarding Sexual Harassment was provided by Ms. Bailey pursuant to Senate Concurrent Resolution 107 of 2012. This 1 hour presentation included an audio/visual component titled: *Preventing Sexual Harassment in the Workplace*.

OTHER BUSINESS

The staff made a presentation regarding some reported irregularities related to the most recent COLA. Ms. Forbes provided an overview of the steps that have been taken to correct these matters. Future COLA issuances will be overseen by internal audit.

It was mentioned that a board member and some constituents that not receive their August 2013 newsletter. Staff indicated that the issue would be addressed. Mr. Walther took the opportunity to commend the LSERS staff for their successful handling of travel arrangements for the 2013 LAPERS seminar.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 11:29 a.m.



Charles P. Bujol, Director



Eugene Rester, Jr., Chairman